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OSD FOR POPOVICH

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SUBJECT: ZAGREB WEEKLY ACTIVITY REPORT - FEBRUARY 27, 2009

¶1. AMBASSADOR'S SPEECH ON NEW ADMINISTRATION DRAWS LARGE AUDIENCE AT AMCHAM:

Ambassador Bradtke delivered a speech entitled "New Directions in the Obama Administration" at the American Chamber of Commerce luncheon at the Hotel Esplanade in Zagreb. Speaking to over 150 members of the business community, the Croatian government, the diplomatic corps and the media, the Ambassador highlighted the foreign and economic policies of the Obama administration, placing them within the context of Croatian-American relations. Our partners at the American Chamber of Commerce characterized the event as their most successful luncheon ever. The event generated broad coverage in the Croatian press. (KWetzel)

¶2. (U) GoC ISSUES ANTI-RECESSION MEASURES:

The GoC presented a program of anti-recession measures on Thursday. The government intends to battle the recession by, among other things, renegotiating the budget (by the end of March), subsidizing loans for housing purchases, strengthening tourism, shortening the issuance of permits to potential foreign investors to 45 days and maintaining the standard of living for those most at risk. Ministers will meet on Friday to consider what each respective Ministry can do to save money. PM Sanader said "the goal of the government is to maintain economic activity, jobs and citizens' standard of living." He also stated that now is not the time for raising interest rates nor is it time for certain groups to try to use the crisis to increase their own wealth, rather a time for responsibility and solidarity. (DMatijas)

¶3. (U) TRAINING EVENT FOR JOINT OMLT SCHEDULED TO DEPLOY TO AFGHANISTAN IN MARCH:

February 16-20, the Djakovo training area saw an out-of-cycle event on ISAF Lessons Learned for the joint Croatian/Minnesota National Guard OMLT. All feedback was very positive, on everything from theater-level organizational structure down to individual tasks that can make the difference between life and death. The trainers, themselves from the Minnesota National Guard, were able to use a question and answer format with slides and photos to steer the discussion. Croatian veterans of previous OMLT and other ISAF rotations added to the value of the event in preparing the OMLT to deploy in late March. (CDavis)

¶4. (U) DCM SPEAKS ABOUT WOMEN IN DIPLOMACY:

Deputy Chief of Mission engaged members of the Center for Women's Studies in a dynamic presentation on the history and role of women in diplomacy. After a discussion of examples from the United States and the State Department, conversation widened to include the experiences of other countries and Croatia. Members of the audience included representatives of the diplomatic corps, the Croatian Ministry of Foreign Affairs and European Integration, NGO's, students, an actress, and a web portal journalist. The lecture provided

the audience with valuable experience from the U.S., encouraging women in Croatia to take a greater role in political and social life in Croatia. (MCrnjakovic, KWetzel)

15. (U) CROATIA'S TRADE DEFICIT GREW TO HRK 81.2 BILLION (\$16.6 BILLION) IN 2008:

Official figures show Croatia's trade deficit grew from HRK 72.1 billion (\$13.5 billion) in 2007 to HRK 81.2 billion (\$16.6 billion) in 2008, a 12.6 percent increase in kuna terms. Coverage of imports by exports fell from 47.9 percent in 2007 to 45.9 percent in 2008. Monthly levels of imports and exports rose and fell throughout much of the year, until the final four months when both fell, imports more sharply than exports. The economic crisis presumably influenced this end-of-year drop. However, the fact that monthly levels followed a similar pattern in 2007, including a drop in the fourth quarter, indicates a cyclical component as well.

(SLitke)

16. (U) PLUNGE IN REAL ESTATE MARKET WORRISOME SIGNAL FOR ECONOMY:

Sales in January were down 70 to 80 percent over January 2008, according to the Real Estate Association, due to shortage of credit and worries over rising interest rates. The dismal numbers are a bad sign for the construction industry. (Note: we have noticed an unusually high number of bidders for a few small-scale construction projects the embassy has tendered - another sign perhaps of the poor state of the construction sector.) (DWestfall)

17. (U) MILITARY-TO-MILITARY PLANNING CONFERENCE USED AS A REGIONAL MODEL:

The Bilateral Affairs Office of the Office of Defense

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Cooperation - Croatia held the annual Military-to-Military Planning Conference February 9-13, 2009. Representatives from USAREUR, USAFE, EUCOM J5, Minnesota National Guard joined the GoC in planning for Fiscal Year 2010.

Twenty-three event proposals were discussed and ranked based upon support assets and scope of the Mil 2 Mil program with the top fifteen expected to be funded by EUCOM in 2010. The conference was a great success and EUCOM is using it as a teaching tool to others in the region. (CDavis)

18. Public Affairs Promotes Educational Exchange:

APAO and an educational advisor from the Institute for the Development of Education spoke to 80 high school students at the Karlovac Library about university study in the United States. The majority of the students indicated they would go to the U.S. if they were able to study abroad. The institute gave an overview of applying to U.S. colleges and universities while the APAO presented his own experience, offering practical information about various aspects of college life in the United States. APAO gave a short interview for local television encouraging Croatian students to explore the possibilities of studying in the United States. (KWetzel)

BRADTKE